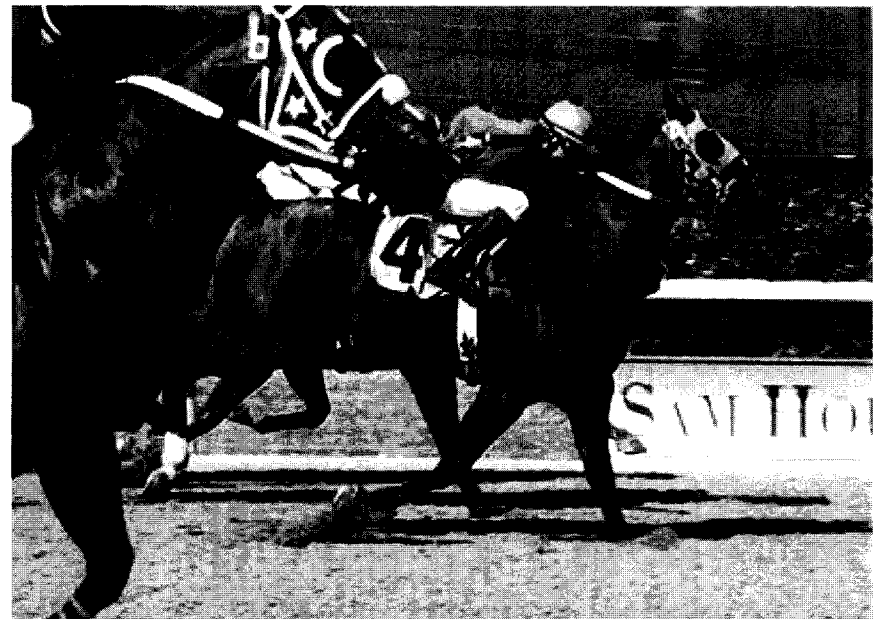
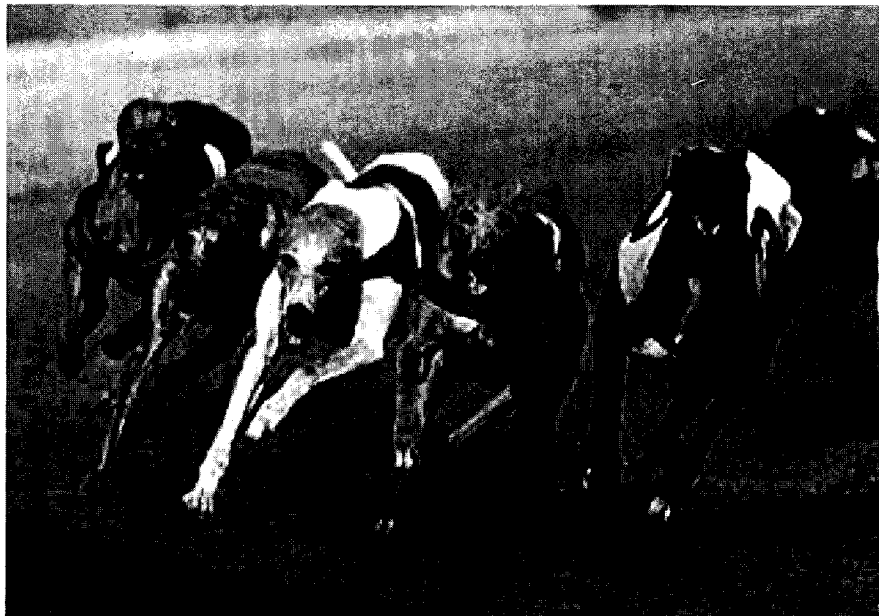


Texas Purse Accounting Basics For Horse Racing

What You Need to Know!



Prepared by: Sammy Jackson
Date: July 12, 2010

Purse Accounting Basics For Horse Racing



- Subject: Purse Accounting
 - o Complex
 - o Tedious
 - o NOT FUN, but Essential

Purse Accounting Basics For Horse Racing



- Goal 1: To explain this complex, tedious and essential subject in a way that provides:
 - a basic understanding of how pari-mutuel wagering benefits the stakeholders; and
 - a basic understanding of why it is important to know the unique differences between the types of wagers offered to the pari-mutuel patron at Texas racetracks.
- Goal 2: To review how purse rates are determined for each type of wager placed at a Horse racetrack.
- Goal 3: To provide specific examples of purse calculations for comparative purposes.

Helpful Definitions

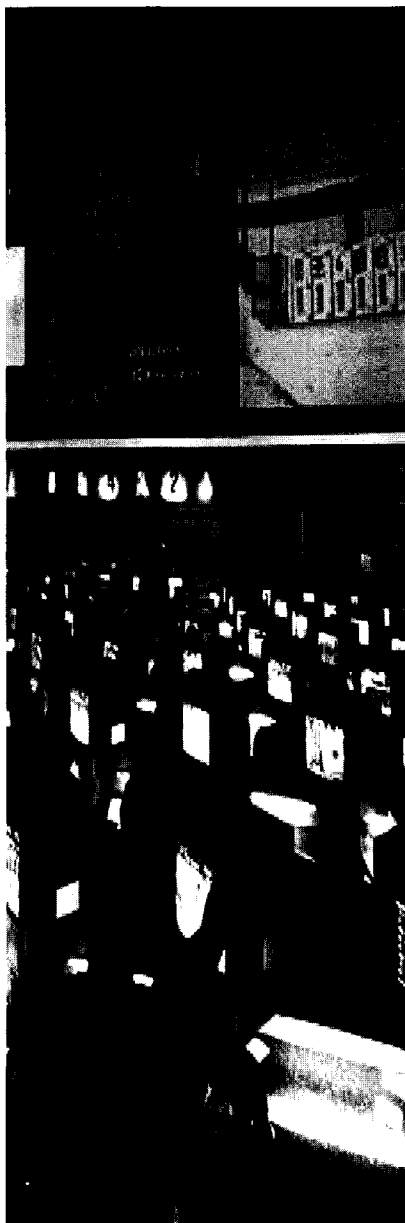


- "Pari-mutuel wagering" means the form of wagering on the outcome of greyhound or horse racing in which those who wager purchase tickets of various denominations on an animal or animals and all wagers for each race are pooled and held by the racing association for distribution of the total amount, less the deductions authorized by this Act, to holders of tickets on the winning animals.
- "Common Pool Wagering" means the inclusion of wagers placed at the host racetrack, guest locations, and secondary pari-mutuel organizations (SPMO) into a common pari-mutuel pool for the purpose of display of wagering information and calculation of payoffs on winning wagers.
- "Regular wagering" means wagering on a single horse or greyhound in a single race. The term includes wagering on the win pool, the place pool, or the show pool.
- "Multiple wagering" means wagering on two or more animals in one race or on one or more animals in more than one race.
 - "Multiple two wagering" means wagering on two animals in one or more races.
 - "Multiple three wagering" means wagering on three or more animals in one or more races.

Helpful Definitions



- "Simulcast" means the telecast or other transmission of live audio and visual signals of a race, transmitted from a sending track to a receiving location, for the purpose of wagering conducted on the race at the receiving location.
- "Live pari-mutuel pool" means the total amount of money wagered by patrons on the result of a particular live race or combination of live races within the enclosure of the racetrack association where the race is being run.
- "Simulcast pari-mutuel pool" means the total amount of money wagered by patrons at a licensed racetrack association in Texas on the result of a particular simulcast race or combination of simulcast races.
- "Cross-species simulcast signal" means a simulcast signal of a horse race at a greyhound racetrack facility or a simulcast signal of a greyhound race at a horse racetrack facility.
- "Purse" means the cash portion of the prize for a race.



Pari-Mutuel Wagering Basics

“Wagers”

By pool type are always broken down into the following:

“Public Payout”

The amount required to be returned to the wagering public.

“Take-Out”

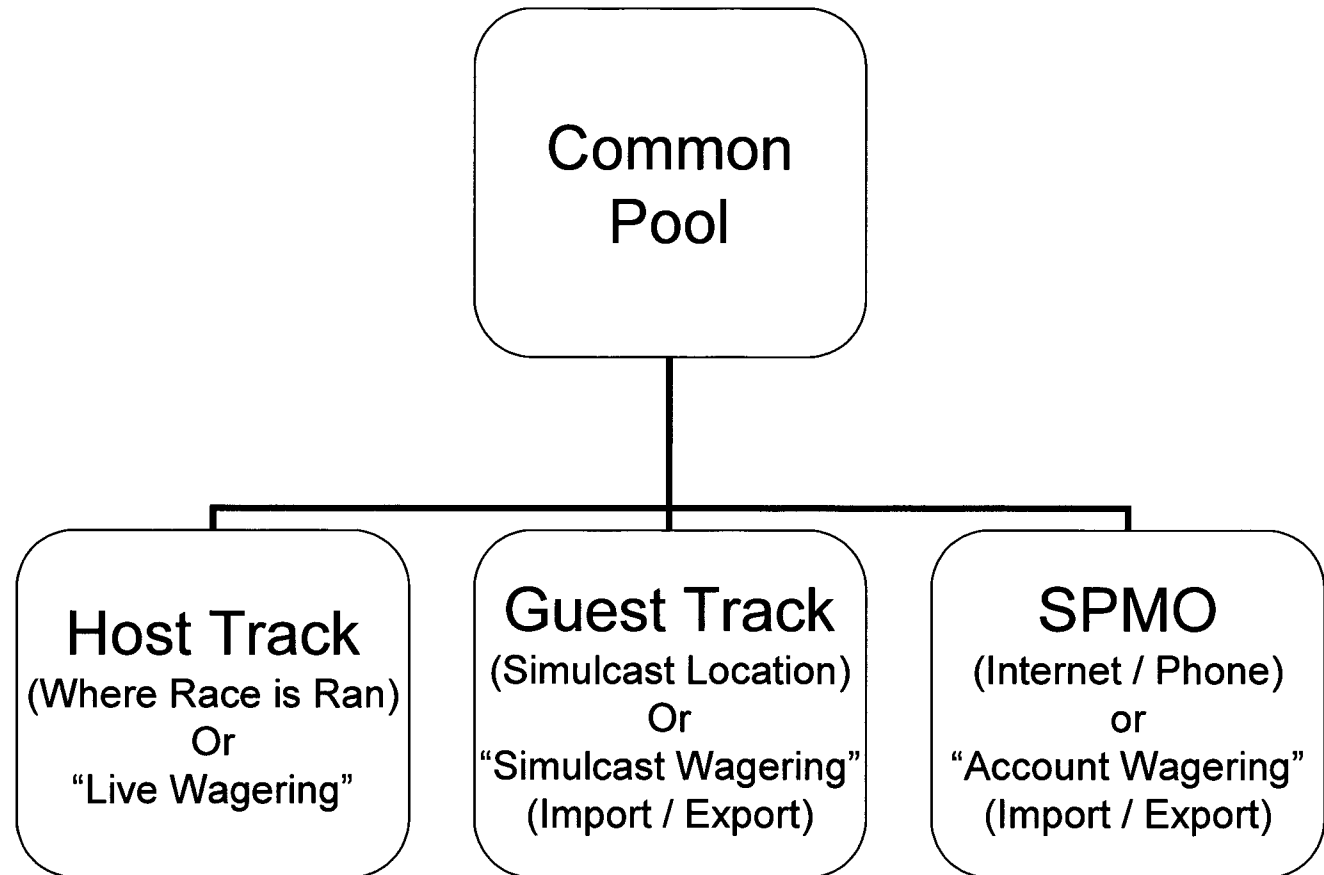
The amount authorized to be withheld as a means of revenue for the stakeholders.

“Pari-mutuel wagering” means the form of wagering on the outcome of greyhound or horse racing in which those who wager purchase tickets of various denominations on an animal or animals and all wagers for each race are pooled and held by the racing association for distribution of the total amount, less the deductions authorized by this Act, to holders of tickets on the winning animals.



Pari-Mutuel Wagering Basics

“Common Pool Wagering”



“Common Pool Wagering” means the inclusion of wagers placed at the host racetrack, guest locations, and secondary pari-mutuel organizations (SPMO) into a common pari-mutuel pool for the purpose of display of wagering information and calculation of payoffs on winning wagers.



Pari-Mutuel Wagering Basics

“Common Pool Wagering”

“Wagers”

By pool type are always broken down into the following:

“Public Payout”

The amount required to be returned to the wagering public.

“Take-Out”

The amount authorized to be withheld as a means of revenue for the stakeholders.

Common Pool

Host Track

(Where Race is Ran)
Or
“Live Wagering”

Guest Track

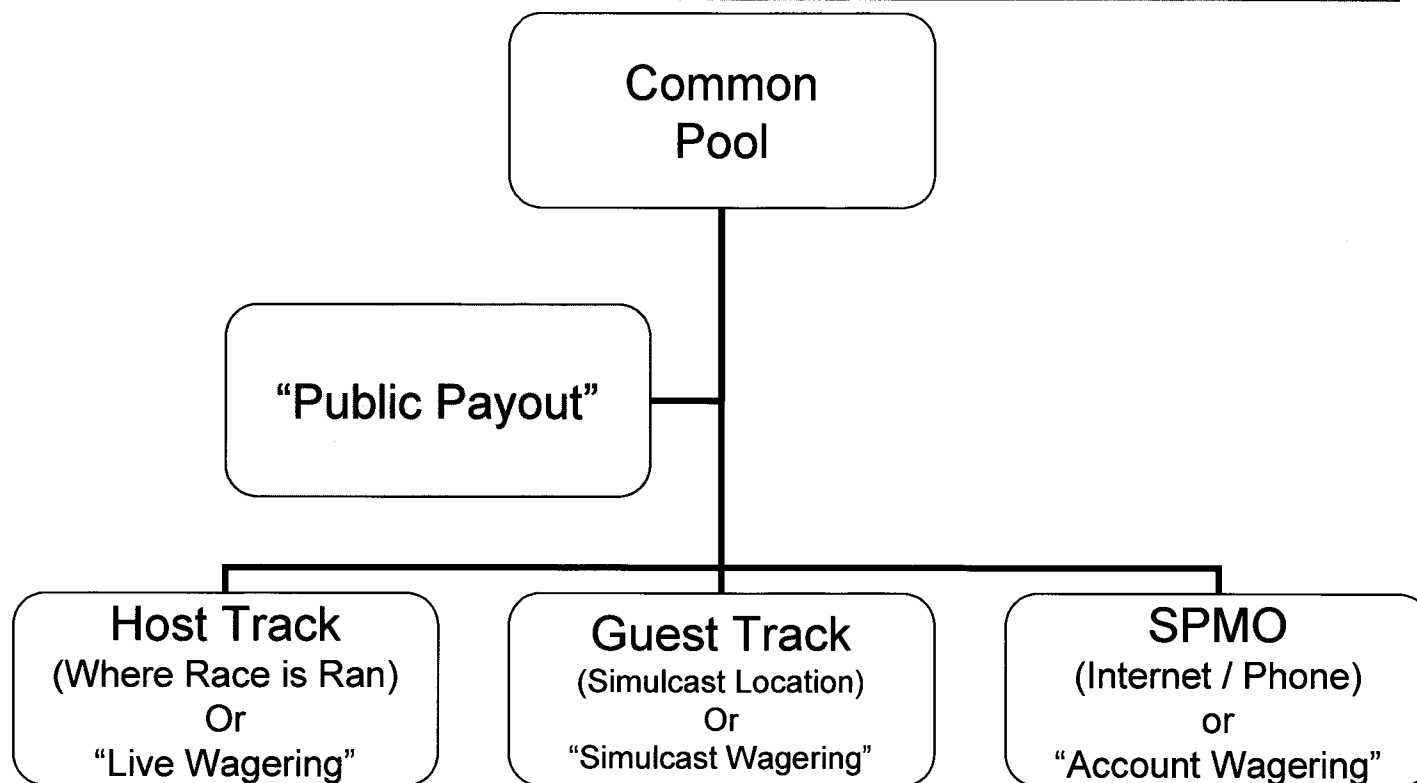
(Simulcast Location)
Or
“Simulcast Wagering”
(Import / Export)

SPMO

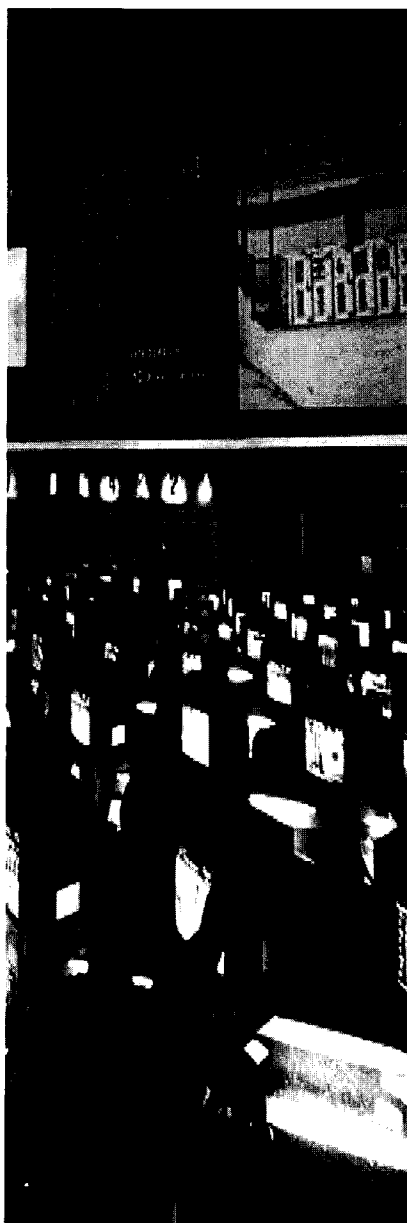
(Internet / Phone)
or
“Account Wagering”
(Import / Export)

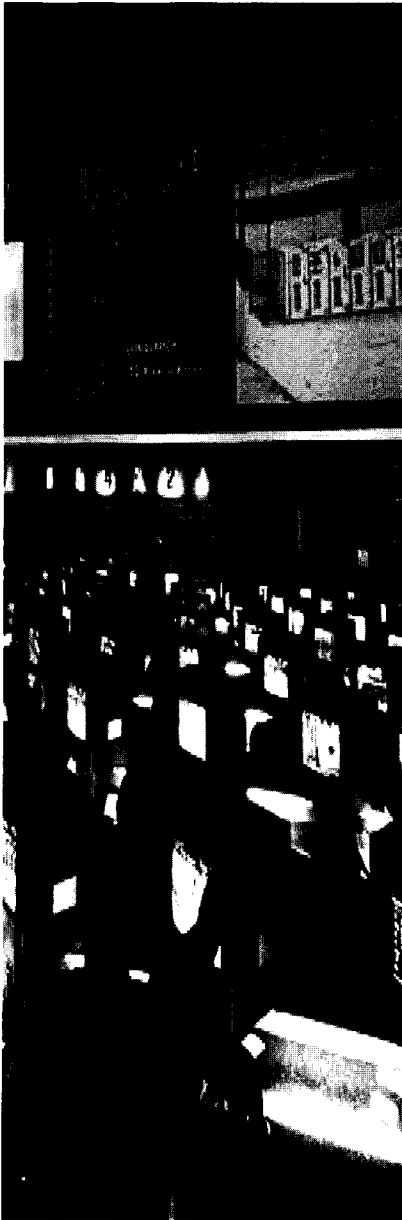
Pari-Mutuel Wagering Basics

"Common Pool Wagering"



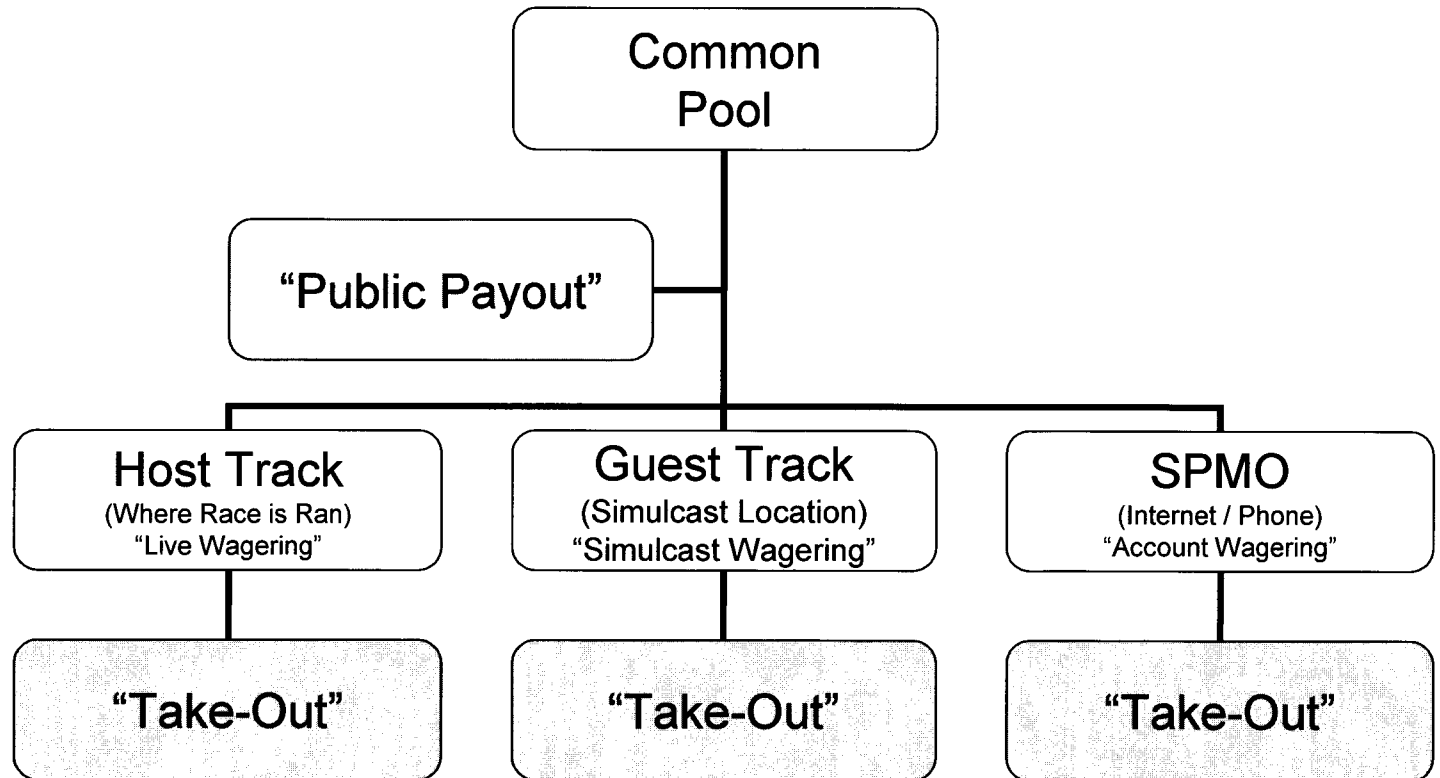
-
- Each Guest Track and SPMO participants in the pari-mutuel common pool must transfer their wagering pool totals to the Host Track for odds calculation and public payout calculations.





Pari-Mutuel Wagering Basics

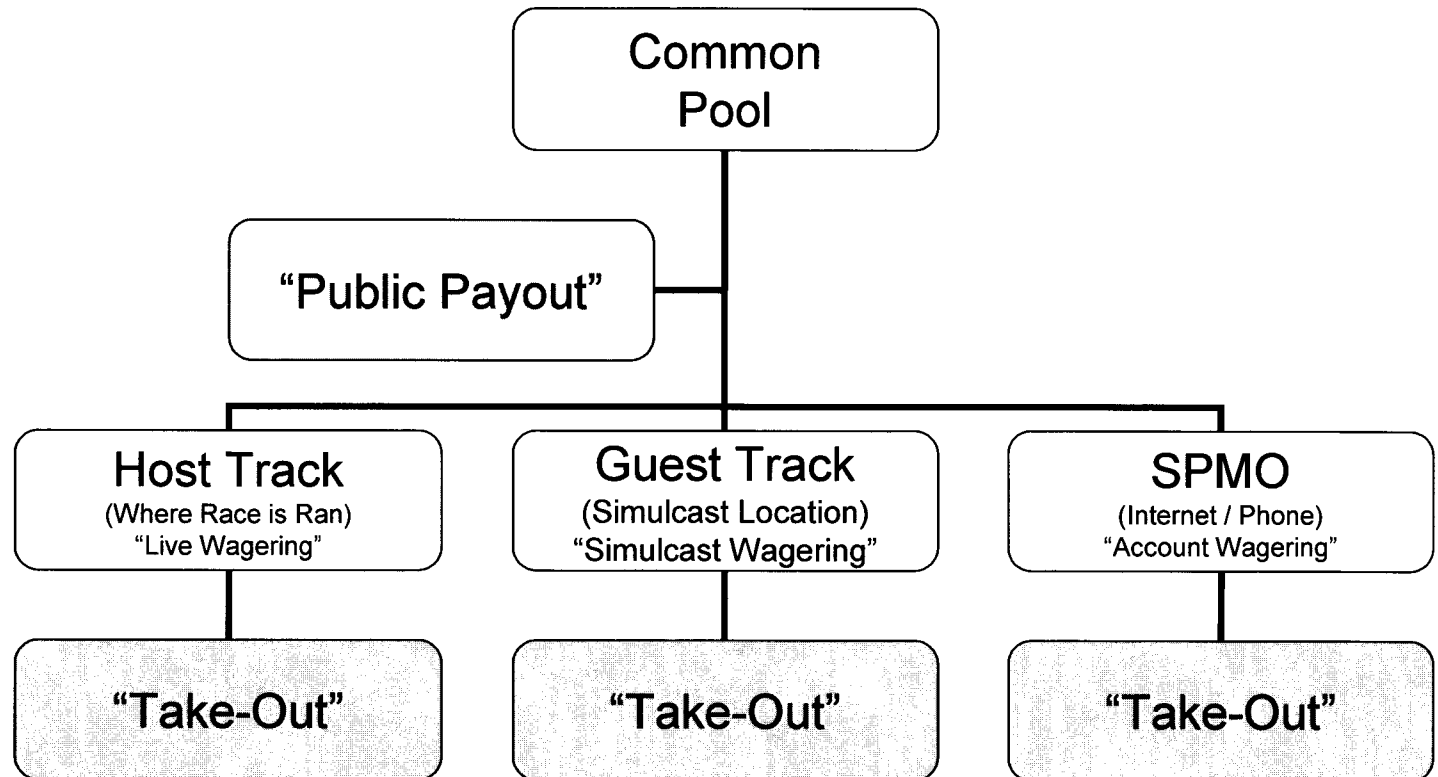
“Common Pool Wagering”



-
- Each participant pays the public based on the common price calculated by the Host Track and retains the take-out from wagers placed at their location for allocation according to the rules and regulations of the State/Jurisdiction in which the wager was placed.

Pari-Mutuel Wagering Basics

"Common Pool Wagering"

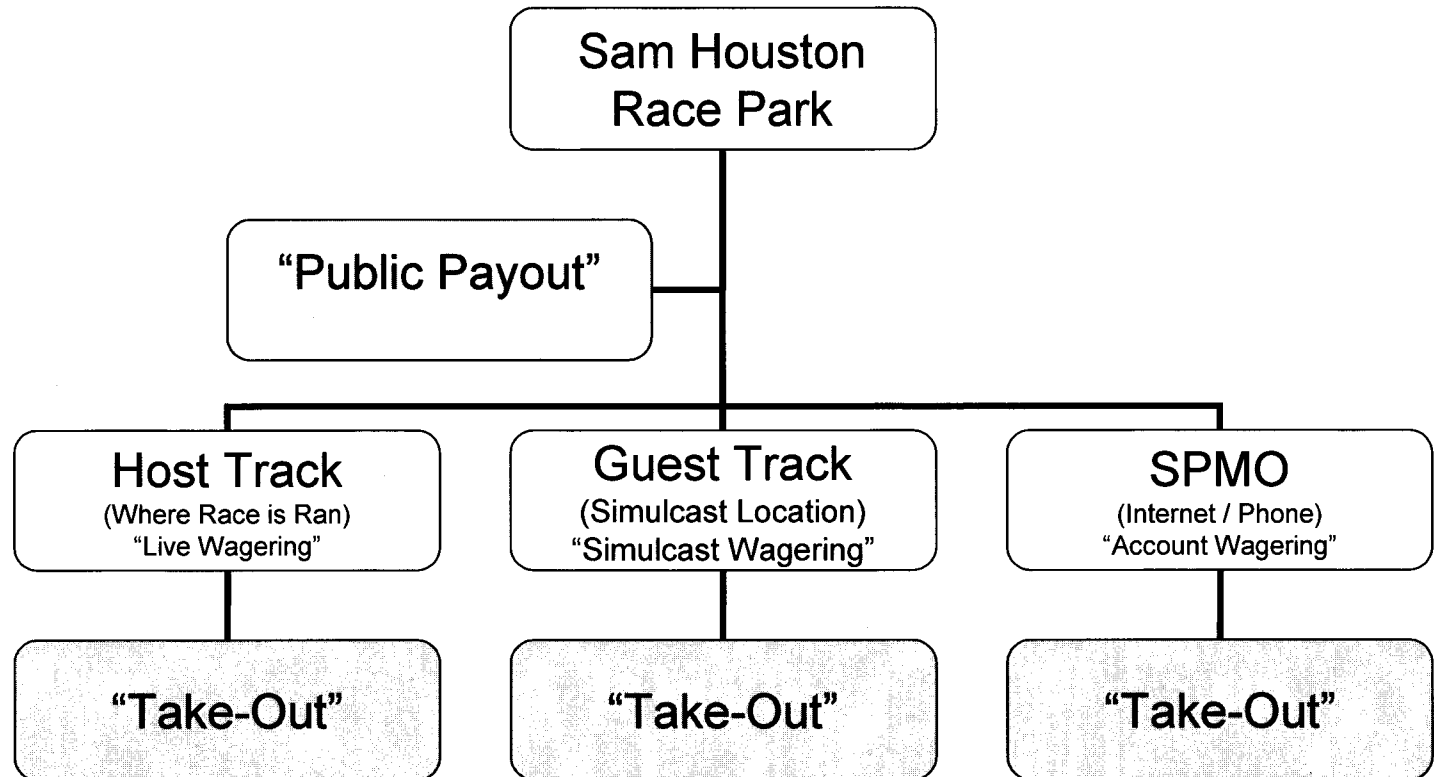


-
- Works the same regardless of the type of wager:
 - Win, Place, Show (*Regular Wager*)
 - Daily Double, Quinella, Exacta (*Multiple Two Wager*)
 - Trifecta, Superfecta, Pick-Three, Pick-Six, Twin-Trifecta (*Multiple Three Wager*)



Pari-Mutuel Wagering Basics

"Texas Horse Common Pool Wagering"



"Public Payout"

Regular Wagers = 82.0%
Multiple Two Wagers = 79.0%
Multiple Three Wagers = 75.0%

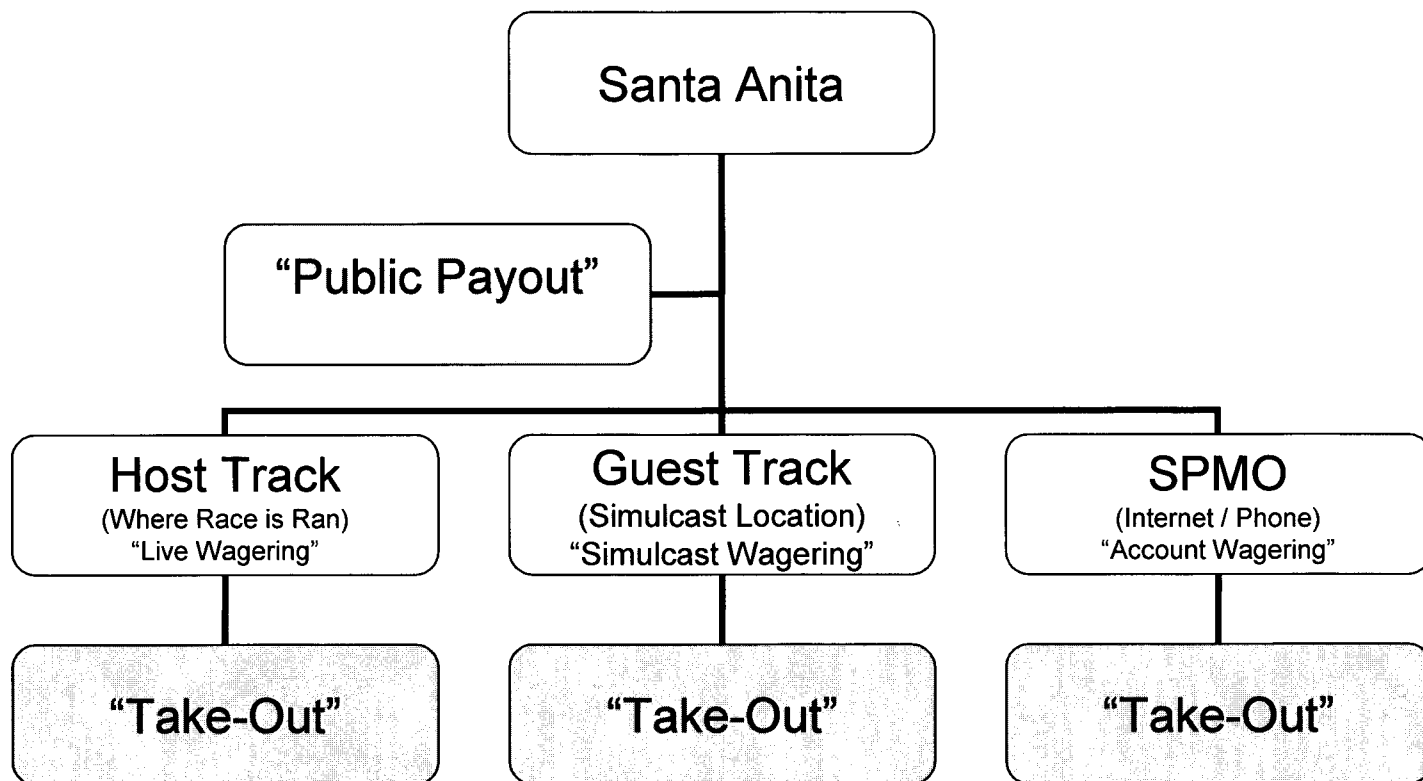
"Take-Out"

Regular Wagers = 18.0%
Multiple Two Wagers = 21.0%
Multiple Three Wagers = 25.0%



Pari-Mutuel Wagering Basics

"California Horse Common Pool Wagering"



"Public Payout"

Regular Wagers = 84.57%
Multiple Two Wagers = 79.32%
Multiple Three Wagers = 79.32%

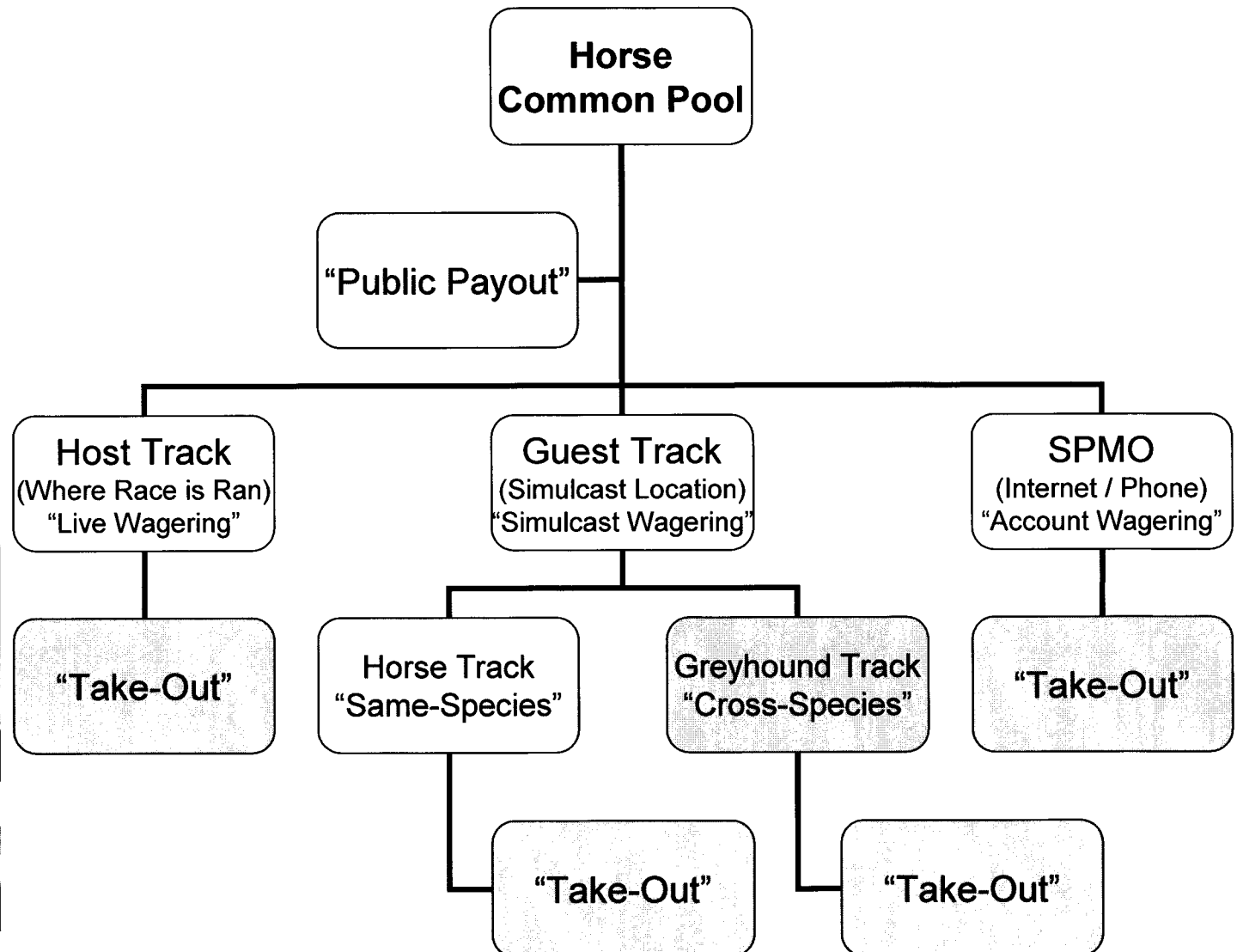
"Take-Out"

Regular Wagers = 15.43%
Multiple Two Wagers = 20.68%
Multiple Three Wagers = 20.68%



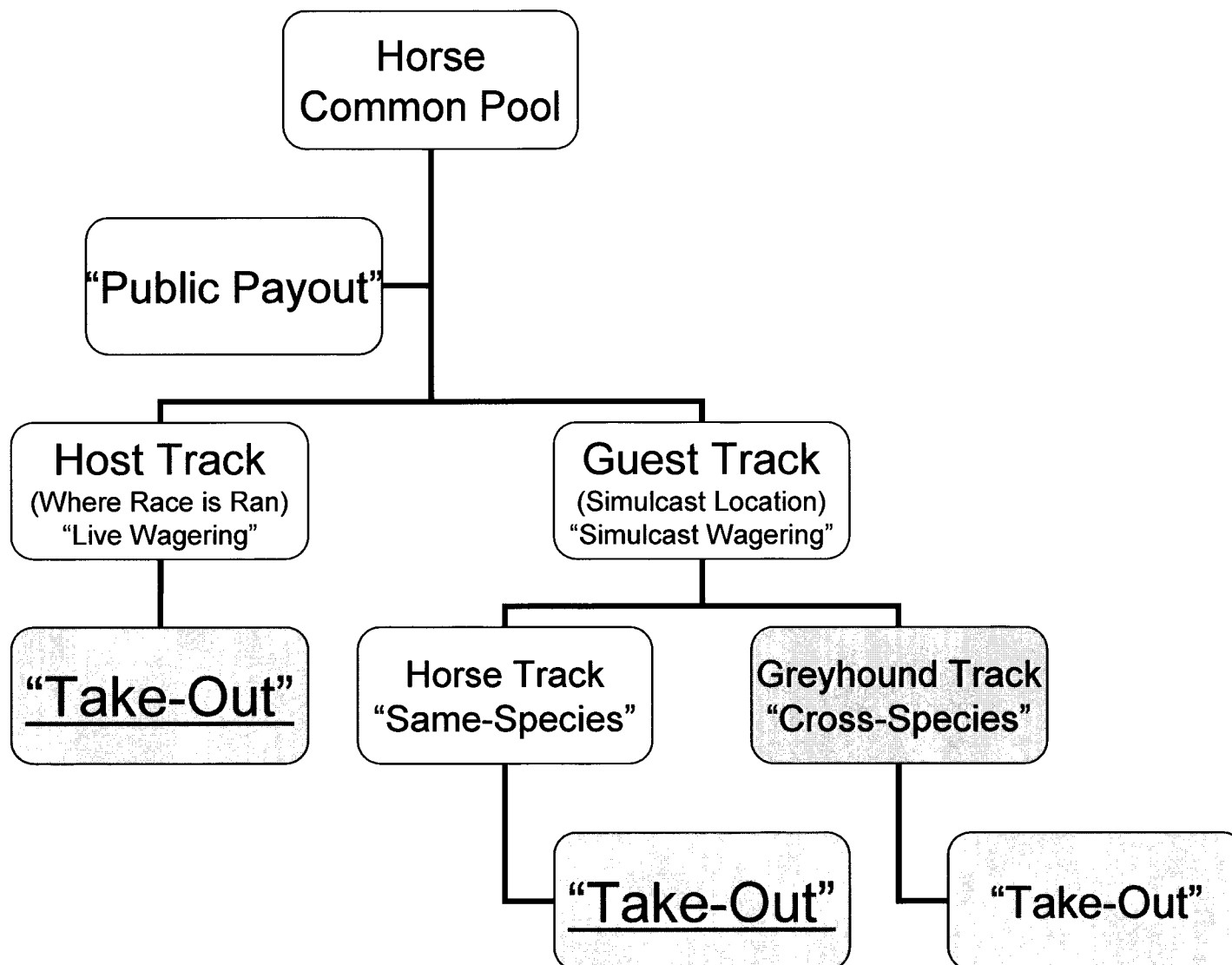
Pari-Mutuel Wagering Basics

"Horse Common Pool Wagering"



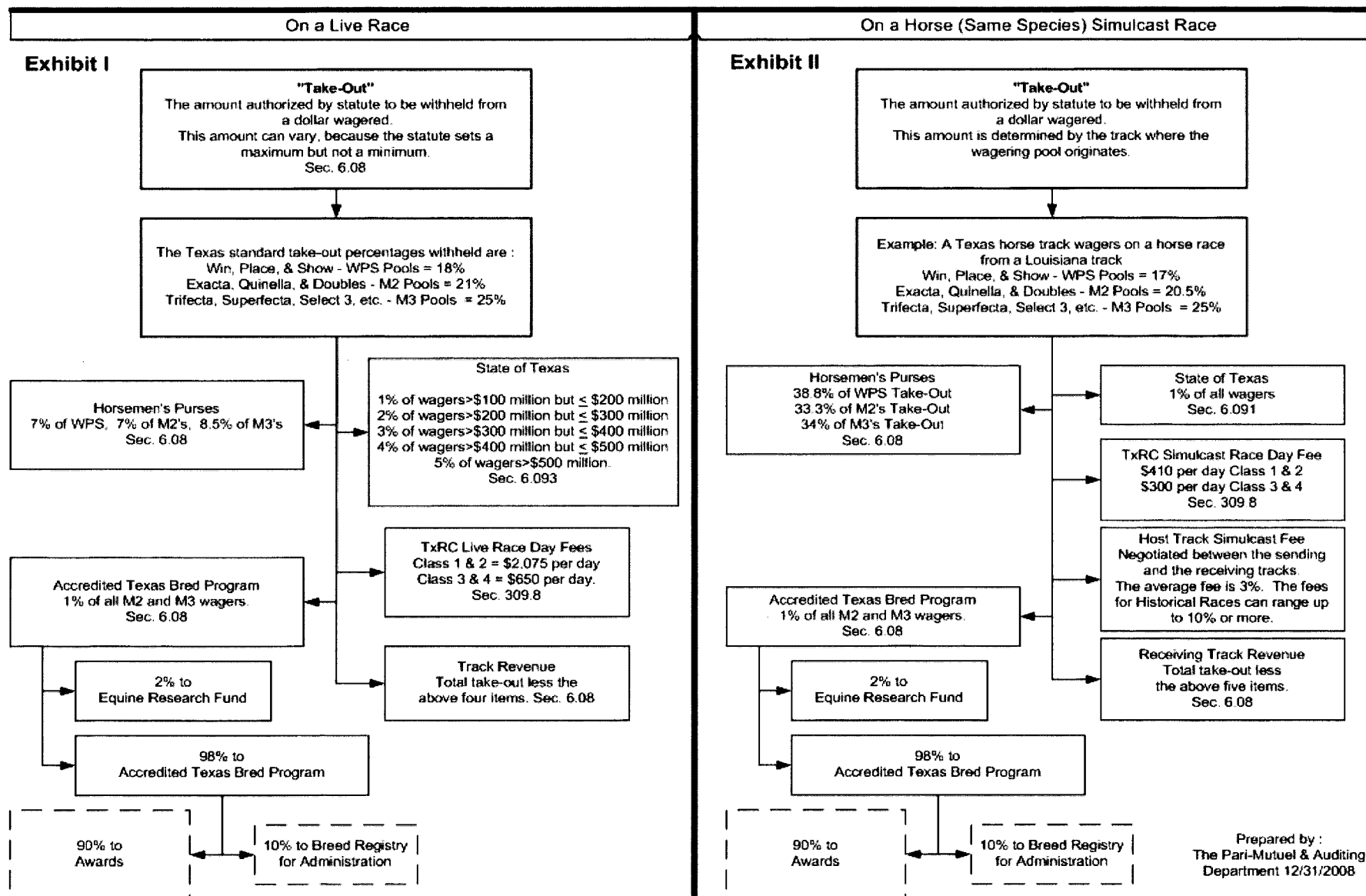
Pari-Mutuel Wagering Basics

"Allocation of Take-Out at Texas Horse Racetracks"



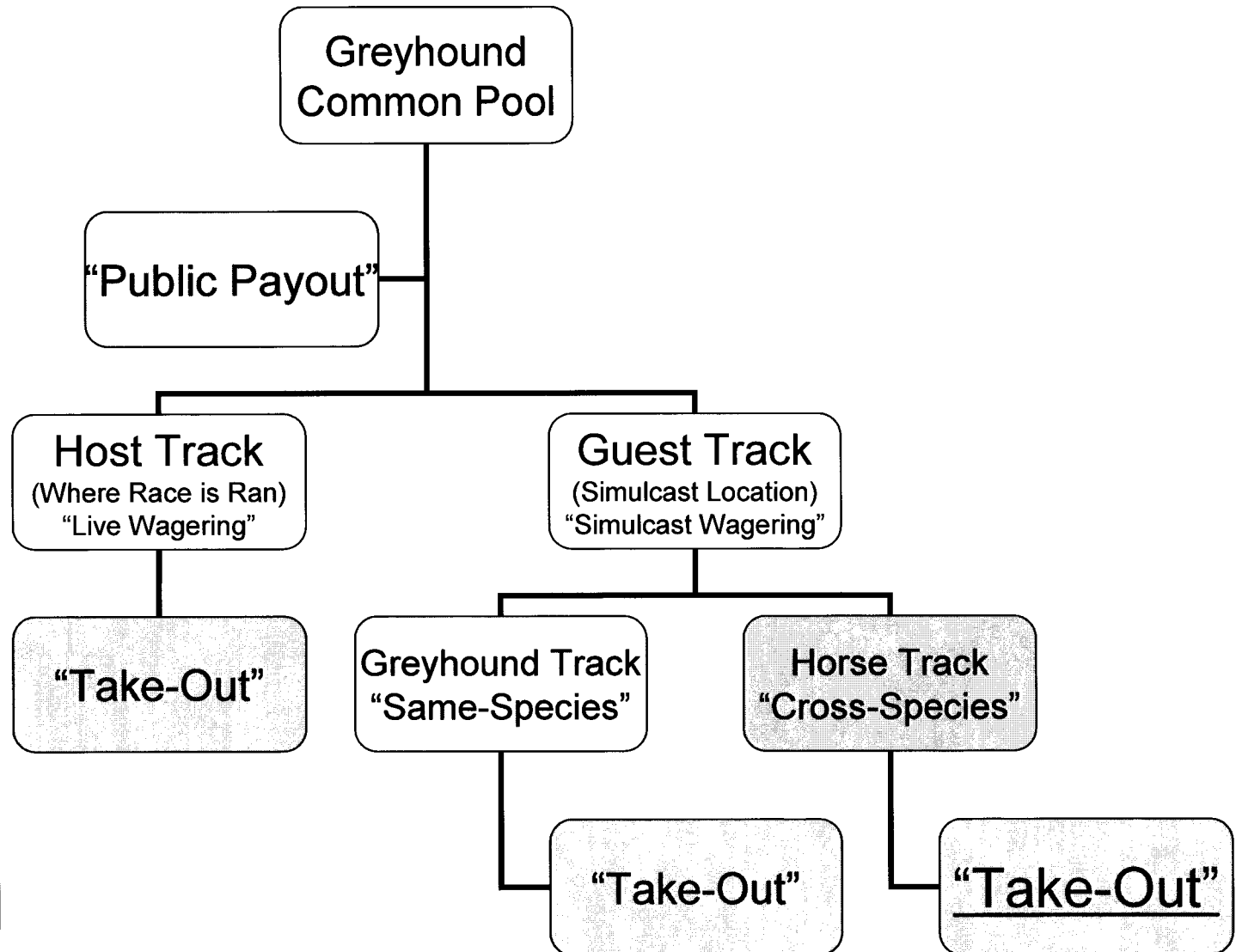
Pari-Mutuel Wagering Basics

How the Take-Out from a Dollar Wagered at a Horse Track is Distributed



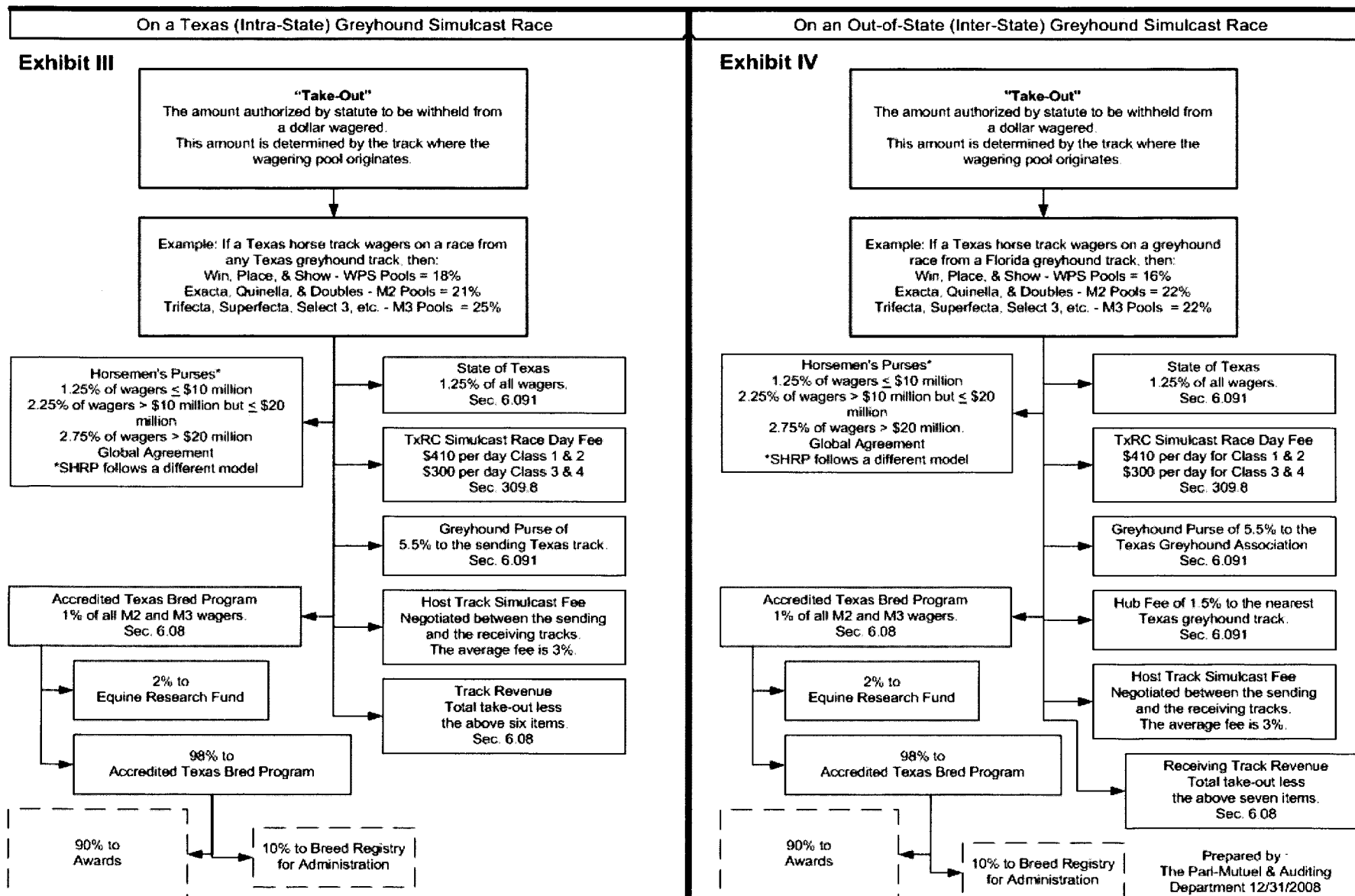
Pari-Mutuel Wagering Basics

"Allocation of Take-Out at Texas Horse Racetracks"



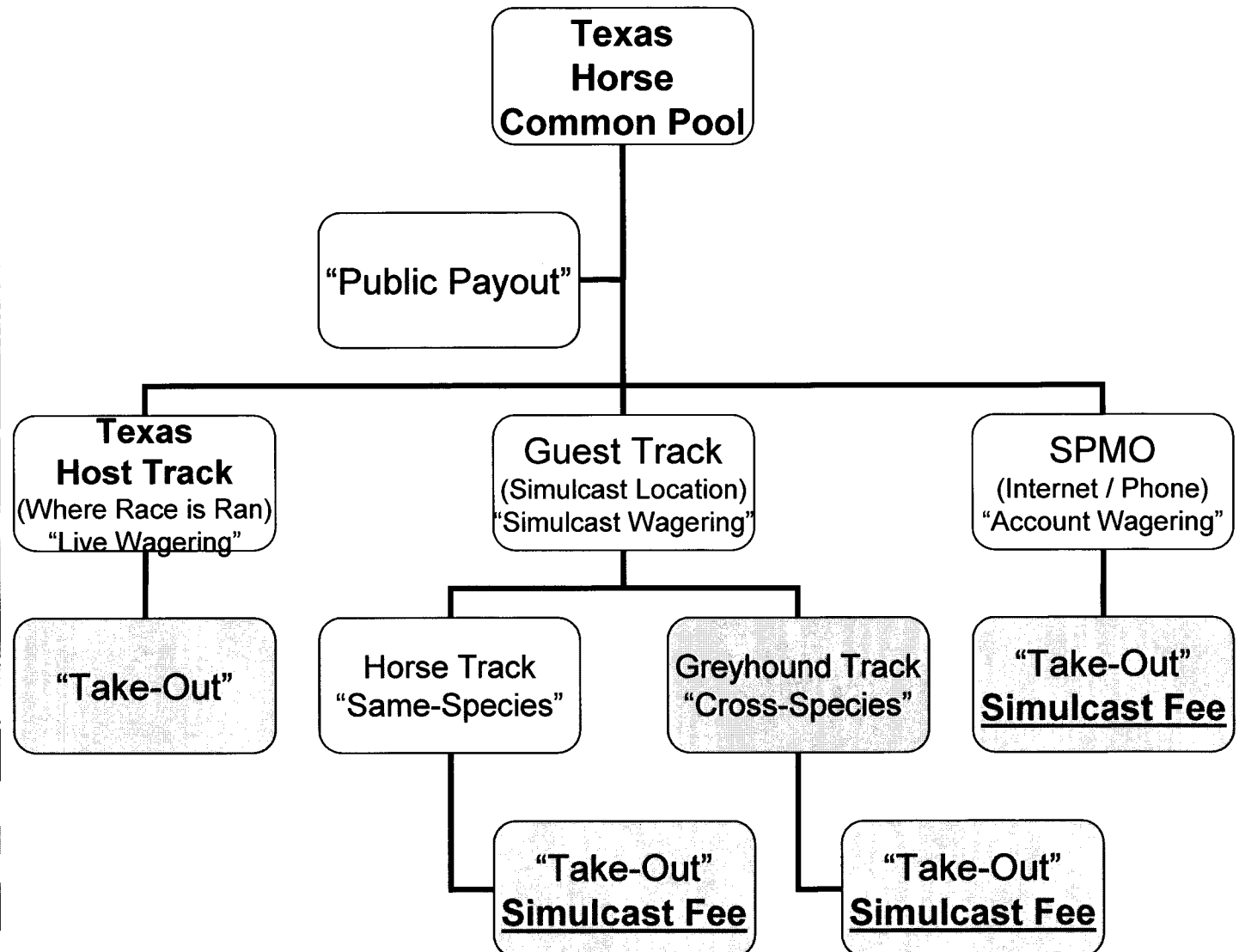
Pari-Mutuel Wagering Basics

How the Take-Out from a Dollar Wagered at a Horse Track is Distributed



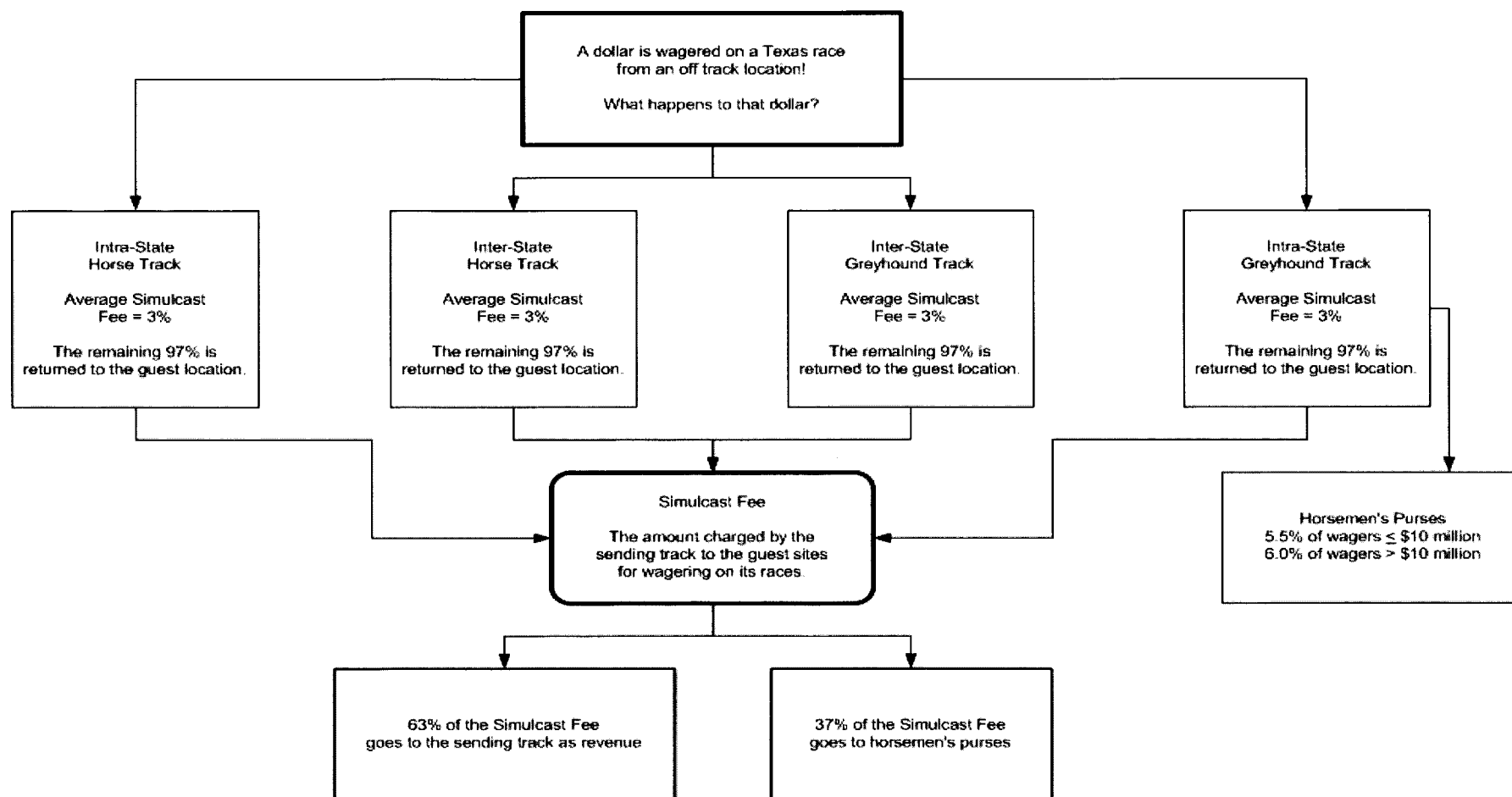
Pari-Mutuel Wagering Basics

“Export Revenue at Texas Horse Racetracks”



Pari-Mutuel Wagering Basics

How Money Wagered on a Horse Track's Exported Race is Distributed



Texas Horse Racetrack

"Final Review of Take-Out / Export Revenue Allocation"



As a % of Handle	Live	Simulcast Same- Species	Intra-State Simulcast X-Species	Inter-State Simulcast X-Species	Export
Greyhound Purse			5.50%		
TGA Purse				5.50%	
Horse Purse	7.49%	7.28%	1.25%	1.25%	1.29%
TTA Purse					
TQHA Purse					
THP Escrow Purse					
TXRC Escrow Purse					
Texas Bred Program	0.57%	0.74%	0.93%	0.93%	
State of Texas		1.00%	1.25%	1.25%	
Hub Fee				1.50%	
Simulcast Fee-Host Track		3.67%	5.60%	2.58%	
Racetrack - Host/Guest	12.86%	8.41%	8.86%	10.16%	2.04%
Total Take-Out / Revenue	20.92%	21.10%	23.39%	23.17%	3.33%

Texas Purse Accounting Basics For Horse Racing

What You Need To Know!

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Resources

- Texas Racing Act
- Rules of Racing
- Global Agreement
- Association Filed
Simulcast Request Forms
- TXRC Annual Report

